PROGRESS IN SOCIETY

GAP Taskforce Report

Global Access Partners - May 2012
DISCLAIMER: This report represents a range of views and interests of the individuals and organisations participating in the Taskforce. They are personal opinions that do not necessarily reflect those of the organisers and sponsors of the Taskforce. Given the different perspectives of Taskforce participants, the report does not reflect all the views of all members and it should not be assumed that every participant would agree with every recommendation in full.
TABLE OF CONTENTS

EXECUTIVE SUMMARY ...................................................................................................................... 1
Key Recommendations .................................................................................................................. 3

INTRODUCTION ................................................................................................................................. 4
GAP Taskforce on Progress in Society .......................................................................................... 4
Political context ............................................................................................................................... 5

CHAPTER 1 – WHY DO IT? ................................................................................................................ 6
The Need for New Measures of Economic and Social Change ................................................... 6
GDP per capita is a useful, but limited representation of national wellbeing......................... 6
Wellbeing can operate at multiple levels of society .................................................................... 7
Different approaches to wellbeing ............................................................................................... 8
Why do we see measurement as important? ................................................................................ 9
Who do we want to influence? ........................................................................................................ 10

CHAPTER 2 – WHAT’S BEEN DONE? ............................................................................................ 11
The right tool depends on what one wants to achieve: ............................................................ 11
“I want to know how Australians feel about their lives.” ......................................................... 11
“I want to know if life in Australia getting better?” ................................................................. 12
“I want a single-number answer to whether life is getting better.” .......................................... 13
“I want to know how Australian quality of life compares with similar countries.”................. 13
“I want to compare quality of life across the world.” ............................................................... 14
“I want a simple measure comparable between countries and over time.” .......................... 14
“I want to discover more about different ways of measuring wellbeing.” ............................ 14
“I want to develop a framework that helps people analyse policy from a wellbeing perspective.” ................................................................................................................................ 15
“I want to find out more about my employees’ wellbeing.” ................................................... 16
Summary of key resources ......................................................................................................... 16
A case study .................................................................................................................................... 17

CHAPTER 3 – DEFINING AND MEASURING WELLBEING .......................................................... 18
Wellbeing as a national goal ......................................................................................................... 18
Wellbeing and happiness .............................................................................................................. 18
Wellbeing and health .................................................................................................................... 20
Distinction between wellbeing and progress ............................................................................ 21
Measuring wellbeing ..................................................................................................................... 21
Removing impediments to happiness in society ......................................................................... 22

CHAPTER 4 – CHALLENGES AND OPPORTUNITIES ................................................................. 23
Application of wellbeing indicators to policy making ............................................................... 23
The problem with ‘aggregate happiness’ .................................................................................. 23
Methodological challenges in traditional cost-benefit analysis ............................................. 25
CHAPTER 5 – A ROADMAP FOR PROGRESS ............................................................................ 26
The problem facing policy makers ........................................................................................ 26
A roadmap through the morass ............................................................................................. 27

CHAPTER 6 – PRIORITY AREAS FOR POLICY ACTION ............................................................. 28
Political Engagement & Commercial Collaboration ........................................................... 28
  Gauging community support .......................................................................................... 28
  Broader measures of progress in the corporate sector .................................................. 28
  Creation of a permanent coordinating body ............................................................... 29
  Opportunities for multi-stakeholder collaboration: ‘an Influence Bridge’ ................. 30

IN CONCLUSION ....................................................................................................................... 31

TASKFORCE CONCLUSIONS ..................................................................................................... 32
Measurement ............................................................................................................................ 32
Policy .......................................................................................................................................... 33
Communication/Awareness ................................................................................................... 34

CONTACTS .................................................................................................................................. 35

ATTACHMENTS ........................................................................................................................ 36
Taskforce Membership ........................................................................................................... 36
Bibliography for further reading .......................................................................................... 38
  Glossary of Terms ............................................................................................................... 39
  Abbreviations ....................................................................................................................... 39
Endnotes .................................................................................................................................... 40
ABS Global Indicator Map .................................................................................................... 41
EXECUTIVE SUMMARY

Economists, statisticians and social commentators alike have long recognised that traditional economic indicators, such as gross domestic product (GDP) and per capita income, are insufficient measures of a country’s wellbeing. Such ‘hard metrics’ fail to capture personal satisfaction, happiness, wellbeing, or other expressions of quality of life. The problem though is that there is no consensus on what measures to use to capture wellbeing.

International attempts to study this problem include the Commission on the Measurement of Economic Performance and Social Progress in France, initiated by President Sarkozy and led by Nobel Prize winners Dr Joseph Stiglitz and Dr Amartya Sen together with Professor Jean-Paul Fitoussi. Other nations have incorporated research on wellbeing measures into cost-benefit analysis, social welfare policies and consumer protection. There is now an extensive and growing body of research into ‘the economics of happiness’.

Australian investigations in the past decade include the Australian Bureau of Statistics’ Measures of Australia’s Progress (MAP; Cat. 1370.0), focusing on governance and social, economic and environmental indicators. The Australian Treasury has developed its own wellbeing framework, while Australian Unity, in partnership with the Australian Centre for Quality of Life at Deakin University, regularly monitors life satisfaction in the general population with the Australian Unity Wellbeing Index. In addition, there are dozens of other such instruments or programs, many at local level, demonstrating a growing hunger for understanding the dynamics that contribute to social progress.

Despite these efforts, the measurement of wellbeing remains highly contested and the concept lingers at the fringes of national debate, with a lack of serious attention paid to its implications for domestic policy.

Recognising this undeveloped area as a significant opportunity, public policy think tank Global Access Partners (GAP) established a taskforce of senior executives from government, business and academia in early 2011 to consider fresh and inclusive definitions of economic and social progress and discuss their integration into national policy making. The group tackled the false dichotomy between economic and broader measures of progress and produced a comprehensive set of recommendations for future development.

This report details the discussions of the GAP Taskforce on Progress in Society over series of four meetings in Canberra. The meetings were documented under the Chatham House rule of non-attribution, with participants attending in a personal capacity. The report presents a range of personal opinions and interests and it should not be assumed that every participant would agree with every point or recommendation in full.

1 The term ‘wellbeing’ is often used synonymously with health care in the media, but in this report refers to a holistic view of quality of life that includes, but is not limited to, physical and mental health.
The Taskforce observed that the ratio of effort to effectiveness in development of measures of wellbeing was disappointing. Although considerable resources in government, academia and even the private sector are being devoted to development and promulgation of measures of wellbeing, these measures continue to have at best a small effect on national policy. This is despite the growing recognition of the importance of policy driving improvements in wellbeing, and quality of life.

One of the barriers to better use of wellbeing measures is the number of different measures in the public domain at present. At times we observe what one Taskforce member described as ‘index wars’ between proponents of different wellbeing measures.

The Taskforce did not see its role as further adding to the plethora of measurement approaches. Nor did it seek to take sides in the index wars.

Rather, it identified the core problem as being a lack of coordination and communication among the broader community of interest in measures of wellbeing. The Taskforce thus saw its role as to analyse the current gaps and discover ways to build bridges over them. Through better links among coalitions of interest, measures of wellbeing can become more relevant to policy. To use another metaphor, the Taskforce sees a role for a ‘market place’ where different approaches to measuring wellbeing compete for relevance. This should drive innovation and lead to both stronger measures and greater take-up of these measures.

The key recommendations to achieve this goal are listed on the following page.

The Taskforce was chaired by Stephen Bartos, a public policy expert and executive director of ACIL Tasman.
Key Recommendations

- Australia should continue to take the lead in popularising the benefits of a multidimensional approach to concepts and measures of wellbeing and progress. Australia is well placed to lead international efforts to incorporate such holistic measurement frameworks into business practices, public policy discussions and social activity.

- The wide variety of existing measures should be linked where appropriate and local best practice captured and shared at the national level. Clear links should be drawn between wellbeing concepts and measurable statistics, such as education and employment levels, life expectancy and infant mortality.

- Policy makers should encourage and publicise the use and improvement of wellbeing measurement tools. The wealth of research needs to be moved out of academia into the mainstream of Australian social, commercial and political life.

- A permanent, not-for-profit body – ‘The Society for Social Progress’ - could drive a consolidation of measurement frameworks, encourage collaboration between interested parties and urge the incorporation of wellbeing metrics into public policy.

- A conference or symposium should be convened in late 2012 to allow interested individuals to coordinate ongoing activity and facilitate further debate.
INTRODUCTION

GAP Taskforce on Progress in Society

The group was conceived in the wake of the National Economic Review 2010: Australia’s Annual Growth Summit, held in NSW Parliament House in September 2010. The Summit acknowledged that current measures of growth and per capita income fail to adequately capture Australians’ life satisfaction and agreed that while traditional economic metrics should not be abandoned, a wider range of wellbeing indicators should influence policy.

In line with the Summit’s recommendations and international initiatives such as the OECD’s Commission on the Measurement of Economic Performance and Social Progress, the GAP Taskforce on Progress in Society set out in March 2011 to achieve the following objectives:

- Analyse the value propositions of current and planned indicators of economic and social change.
- Promote the establishment and use of effective measurement frameworks covering a full range of economic and social indicators.
- Link potential stakeholders - policy makers, politicians, business and industry leaders and the general public - and framework designers.
- Encourage public discussion of wellbeing and promote wider recognition and acceptance of its measurement.
- Empirically demonstrate that wellbeing statistics are productive and meaningful tools for policy making.
- Investigate the possibility of a permanent body to promote wellbeing in policy making.

The Taskforce did not intend to compile an agreed and complete set of measures, but sought to understand points of agreement or controversy and highlight areas where further work was required. Through the original intention was to investigate and resolve differences between competing measures, the scope soon widened into a stocktake of the various initiatives underway, their interrelations and their impact on policy making.

The Taskforce remained agnostic about which tools should be used, preferring to examine why tools as a whole have not been more widely employed in policy formation over the past decade. The plethora of approaches, rather than their absence, emerged as a major stumbling block to wide adoption, as each organisation tends to create its own framework, rather than refine an established method.

It was hoped the group’s output would influence commercial and political decision makers to accept the importance of wellbeing indicators and include them in policy considerations and decision making.
Political context

A plethora of progress indicators and wellbeing measurement frameworks have been developed in both public and private spheres in recent years. The Sarkozy Commission Report² added new impetus to the international discussion, but the reliability and adequacy of the various measurement tools remains widely disputed. There is no lack of ideas regarding how societal progress should be measured, but these must be mapped for the business community and other stakeholders and their proponents need to demonstrate how their use could improve social wellbeing, health care and government policy.

Australia has employed measures of ‘progress in society’ since Federation, through national stocktakes of population, migration and other demographic information, and became a global leader in the field in 2002 through the Australian Bureau of Statistics’ Measuring Australia’s Progress (MAP) framework. Other rigorous frameworks include the biannual Australian Unity Wellbeing Index, while a new instrument, the HALE Index of Australia’s Wellbeing³, seeks to create a ‘GDP-plus’ measure of national progress.

There are adequate Australian methods of measurements therefore, but more effective use of them is urgently required. Each has a different approach and application, and though all deal with wellbeing, they are not synonymous or interchangeable. However, each is challenged by the same objection that the very concept of wellbeing itself lacks objectivity, consistency and coherence. This argument undermines attempts by policy makers to use such indicators to mobilise wide constituencies of support for change.

There is even greater resistance to the notion that government should explicitly promote national ‘happiness’. Indeed, the term attracts derision from Australian commentators, even though a number of other countries use the term ‘happiness’ in official debate. However, the concept of wellbeing is established as a legitimate goal of public policy (see for example, the Australian Treasury’s wellbeing framework).

Governments cannot make individuals happy, but can and should strive to remove demonstrable impediments to personal happiness caused by adverse social or economic conditions.

³ The Sydney Morning Herald/Age – Lateral Economics Index of Australia’s Wellbeing
CHAPTER 1 – WHY DO IT?

The Need for New Measures of Economic and Social Change

GDP per capita is a useful, but limited representation of national wellbeing

The introduction of the concept of Gross Domestic Product (GDP) is widely credited to US National Bureau of Economic Research economist Simon Kuznets in a US Congress report in 1934, ‘National Income, 1929-35’. It records the market value of all final goods and services produced within a nation in a given period.

The Great Depression of the 1930s highlighted the need for such statistical measures to help policy makers understand and manage domestic economies. GDP became an accepted and commonly used tool for measuring and comparing economies around the world, following the establishment of the International Monetary Fund and World Bank at the Bretton Woods conference of 1944. In the words of newspaper editor Michael Stutchbury, “When properly used, it still provides the best summary of material progress which, in turn, provides more resources to devote to social progress, as economic growth can help fund many aspects of a better life including improved healthcare, education and accommodation.”

All governments acknowledge the importance of economic growth, but GDP was never intended to provide a complete measure of national progress in itself. Indeed, Kuznets’ original report warned that “... the welfare of a nation can, therefore, scarcely be inferred from a measure of national income...”

As nations have grown wealthier, interest has grown in measuring quality of life in more comprehensive ways. These have included the Human Development Index (HDI), Genuine Progress Indicator (GPI), Index of Sustainable Economic Welfare (ISEW), Gross National Happiness (GNH), European Quality of Life Survey, the ‘Happy Planet Index’ and the OECD Better Lives Dashboard.

The general concept of wellbeing has been accepted by many, as it embraces the aspects of life we say we value, such as health, wealth, education, work, social relationships and the natural world.

These dimensions are generally classified into three distinct, but related domains.

---

4 For a history of use of GDP in Australia, see ABS Cat. 1301.0, Year Book Australia 2001, History of National Account in Australia

5 Key problems with GDP include the failure to account for environmental degradation or the value of volunteer work or work done in the home.

6 The ‘triple bottom line’ places the economy alongside society in importance. An alternative model places the economy within society and the environment within the economy. (Karl Polanyi, 1944; Ian McAuley, 2001)
Subjective, or self-reported, measures of wellbeing are important for understanding wellbeing. They help indicate whether real improvements have been achieved for individuals, families, communities, workplaces or nations overall and offer a reality check as to whether 'expert' concepts of wellbeing align with people's actual experiences.

There is no single agreed measure of wellbeing, and there may never be, as it would require everyone to agree on the nature and importance of every aspect of life. Instead, a range of frameworks and indicators continue to emerge and compete for acknowledgement in a vigorous contest of ideas.

**Wellbeing can operate at multiple levels of society**

In the context of decision-making, wellbeing can refer to an individual through to a nation. Strong interest in the usefulness of taking a more structured approach to wellbeing has been shown by governments and community groups. In some ways, this is simply taking a more explicit approach to the complex trade-offs that humans have always made.
Different approaches to wellbeing

New approaches to measuring societal progress and wellbeing could help individuals, families, communities, businesses and governments make better and more informed decisions. The choice of a particular measurement framework over another depends on personal preferences and values and the reasons for conceptualising and measuring the idea.

Existing wellbeing indicators may be divided in three groups which advocate adjusting, supplementing or replacing GDP.¹

Figure 1. Alternative measures of wellbeing and their approach to GDP

<table>
<thead>
<tr>
<th>Adjust GDP</th>
<th>Supplement GDP</th>
<th>Replace GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Additions &amp; subtractions to GDP</strong>&lt;br&gt;Accounts for non-market activity, depletion of assets or other ‘gaps’</td>
<td><strong>Dashboard approach</strong>&lt;br&gt;(recommended by Stiglitz et al, 2009)&lt;br&gt;Offers a range of wellbeing indicators to supplement traditional measures</td>
<td><strong>Completely new measures</strong>&lt;br&gt;Rankings are effective at capturing attention&lt;br&gt;Offers scope to use self-reported wellbeing as a summary indicator</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Examples</th>
<th>Examples</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Genuine Progress Indicator&lt;br&gt;• Gross National Savings&lt;br&gt;• Adjusted Net Savings (Genuine Savings)&lt;br&gt;• Green GDP&lt;br&gt;• Index of Sustainable Economic Welfare&lt;br&gt;• Adjusted Net National Income</td>
<td>• ABS Measures of Australia’s Progress&lt;br&gt;• UN System of Integrated Environmental and Economic Accounting (SEEA)&lt;br&gt;• Australian National Development Index (ANDI, proposed)</td>
<td>• Human Development Index (HDI) - measures health, education &amp; income&lt;br&gt;• Australian Unity Wellbeing Index&lt;br&gt;• Ecological Footprint (EF) – measures sustainability&lt;br&gt;• Environmental Sustainability Index (ESI)&lt;br&gt;• Happy Planet Index (HPI) – by nef&lt;br&gt;• Herald/Age - Lateral Economics (HALE) index*¹</td>
</tr>
</tbody>
</table>

¹) The Sydney Morning Herald/Age – Lateral Economics Index of Australia’s wellbeing (HALE), released on 10 December 2011, is a recent example in the third category.
Too narrow an indicator may be of limited use in policy-making while a broader approach improves decision-making by making explicit the trade-offs we make and the values we bring to our deliberations.\footnote{7}

**Why do we see measurement as important?**

Most people intuitively believe that life amounts to more than the collection of wealth and material goods.\footnote{6} The large number of measurement frameworks in operation or development indicate a widespread interest in applying the principles of wellbeing, but it is still in its infancy as a coherent and well developed discourse.

The growing sophistication and reliability of measurement tools make them increasingly legitimate tools in policy development and they are becoming better known in the public realm through their use by the OECD and the British and Canadian governments.

Many research findings confirm ‘common sense’ conclusions. People are happier in democracies than in dictatorships, for example; equality of opportunity promotes satisfaction; around the world, lower infant mortality correlates with national happiness; in developed countries people on the fringes of society report low wellbeing, etc. However, a constant and counter-intuitive conclusion is that, despite decades of economic growth, people in the Western world have not become happier. Meanwhile, politicians and policy makers continue to assume their ideas will promote happiness and social good, without necessarily knowing how or why.

The logical course is to use the results of wellbeing measurements to promote societal progress. This is both simpler and more complex than it seems. It is not always easy to link a policy measure with a definable wellbeing outcome and track the policy’s impact over time. On the other hand, most societal progress measures reflect a community’s preference for better governance, an improved environment, equitable access to services and so forth, and policy makers could use these instruments to communicate a connection between their proposals and a desired result.

While Australia does not necessarily require an official index to persuade the Government to promote equality, maintain democracy and pursue social benefits, the Taskforce believes that governments can contribute to individual happiness.

In the words of one economic commentator, “politicians make value judgments about happiness all the time in policy proposals and voting. If their decisions could be more focused towards some key measures of wellbeing, surely that would be a change for the better.”

\footnote{7}{The wellbeing approach can have its limitations when applied to long-term inter-temporal comparisons, because for a robust time series one must ask the same survey questions, while the meaning language drifts over time.}

\footnote{6}{In prosperous countries, people tend to look beyond material consumption once their basic needs have been met [see A. Maslow’s ‘hierarchy of needs’].}
Who do we want to influence?

The key players are:

- **Decision makers and their advisers** — elected representatives, government officials, policy consultants, the business community, employers and universities.
- **Drivers** — media, think-tanks, voters, pressure groups, employees and academics.

Decision makers and advisors require the best available data, the most effective tools and clear guidance on how to use them. ‘Drivers’ can stress the importance of a comprehensive approach to wellbeing to decision makers both directly and indirectly. The academic community, for instance, can embed wellbeing into the university curricula which will shape the thinking of tomorrow’s leaders.

Critical information varies with the situation, but includes:

- **Why** a comprehensive approach to wellbeing is important
- **What** resources are available and
- **How** to use the key findings

The overall message is multi-layered, with complexity and controversy increasing with the level required.

---

Money isn’t everything. We usually think about progress as having three dimensions: economic, social and environmental. However, other dimensions may also be important.

It’s likely there is an indicator or framework out there for what you want to look at. If not, there is probably a set of measures that you can use.

Determining the drivers of wellbeing is subjective and important.
CHAPTER 2 – WHAT'S BEEN DONE?

An impressive range of measures of progress, wellbeing and quality of life have already been developed.

The right tool depends on what one wants to achieve:

“I want to know how Australians feel about their lives.”

The Australian Unity Wellbeing Index is an aggregated indicator which has been surveying representative samples of 2,000 people regarding personal and national subjective wellbeing twice a year since 2001, with additional special surveys and reports. Personal domains include health, relationships, safety, community connectedness, future security, achievements in life and standard of living, while national domains relate to security, business, environment, quality of governance and the economy. Each of its 14 domains is indexed individually, with the data then aggregated to produce indices of Personal and National Wellbeing. Government is not defined in terms of any particular party or level, be it federal, state or local.

Australians have consistently reported their personal happiness at around 75 points on a scale of 100 over the past decade, though one special survey showed that people who care for sick relatives exhibit dramatically lower results. The national satisfaction indicators are generally lower and more volatile.

Figure 2. Australian Unity Wellbeing Index, 2007-2011

The Australian Unity Wellbeing Index, developed in partnership with the Australian Centre on Quality of Life at Deakin University, is based on a concept of personal homeostasis. It assumes that subjective wellbeing is normally maintained by an internal psychological management system which enables people to stay positive in the face of adversity, just as internal temperature is maintained regardless of weather. Chronic failure of this system results in depression.
Satisfaction with the environment was at its lowest in 2006 and 2007, but hit record highs in 2010. Satisfaction with government was highest in April 2008 and lowest in September 2010. Satisfaction with social conditions peaked in April 2010 and satisfaction with the economy dipped to its worst levels during 2008 and 2009, apart from the first survey in April 2001.

**Figure 3. Australian Unity wellbeing Index, National wellbeing (2007-2011)**

The Australian Unity Wellbeing Index is subjective, recording how people feel about their lives. Small deviations in collective wellbeing from the ‘normative range’ can be significant and the domain causing the change can be identified relatively easily.

The **ABS General Social Survey** provides information on how Australians self-report issues including life satisfaction, safety and health while the **Melbourne Institute’s Household Income and Labour Dynamics (HILDA) Survey** regularly surveys the same group of people, showing how the same people’s perceptions vary over time.

“**I want to know if life in Australia getting better?**”

The **ABS Measures of Australia’s Progress** stands at the forefront of national wellbeing measurement. Launched in 1992, MAP uses information from a wide variety of sources with measures calculated according to age, sex, origin and other factors to produce a ‘dashboard of indicators’ across Australia’s society, economy and environment. The latest version, released in October 2011, covers 17 topics and employs a ‘traffic light’ system to present complex information in an accessible way.

Health, education and training, work and household economic wellbeing received a ‘green light’ in 2011, as did national income and wealth. An amber light, indicating no discernible trend or change, was assigned to housing, while a red light warned that productivity, bio-diversity and atmospheric emissions were regressing. Seven boxes were left grey due to a lack of data.
The ABS has recently conducted a public consultation exercise, through road shows and social media, regarding the criteria to be included in future editions. It is also working with government bodies and expert panels to define key aspirations and progress indicators and is considering treating governance as a separate domain, rather than including it with other social factors. These findings will inform MAP 2.0, due to be released in 2012 to coincide with the 4th OECD World Forum on Measuring the Progress of Societies in New Delhi.

“I want a single-number answer to whether life is getting better.”

The Herald/Age – Lateral Economics Index of Australia’s Wellbeing (HALE) adjusts the ABS’ measure of Net National Income (real income received by Australian residents) to include the depreciation of physical capital, the depletion of non-renewable resources and the discovery of new resources, the degradation of agricultural land, risks associated with climate change, human capital, under-employment, overwork, mental illness and obesity. The first edition was published on 8 December 2011, with the intention of releasing quarterly updates shortly after the publication of the National Accounts.

A committee was established to develop an Australian National Development Index (ANDI) on the model of the Canadian Index of Wellbeing. It was first proposed at the Australia 2020 Summit and gained traction despite an initial lack of government support. It is a long-term community project, based on twelve domains, and will begin to engage communities in 2012. ANDI has 45 academic, government and commercial partners, involving organisations of which 2 million Australians are part.

ANDI is distinguished by its aim to collate a number of different measures under the one umbrella and release monthly reports, as well as an annual Index of Australian Progress. It seeks community contributions, with a series of consultations determining the factors worthy of measurement, as well as drawing extensively from MAP. ANDI is still seeking funding, but if support is forthcoming, it could play a significant role in coordinating the reporting of a wide range of instruments.

“I want to know how Australian quality of life compares with similar countries.”

The OECD’s Your Better Life Index covers 34 countries and provides indices on housing, income, jobs, community, education, environment, governance, health, life satisfaction, safety and work-life balance. It also offers an interactive tool that enables users to construct a composite index based on a personal ranking of particular issues.
“I want to compare quality of life across the world.”

The United Nations’ Human Development Index (HDI) was one of the first comprehensive measures of quality of life. It aimed to demonstrate how development could be assessed in terms of human progress as well as economic factors. Recently modified, the HDI now encompasses life expectancy at birth, expected and average years of schooling and gross national income per capita.

“I want a simple measure comparable between countries and over time.”

GDP Per Capita measures average standard of living, rather than wellbeing, although strong GDP per capita enables a nation to ‘purchase’ what it values, including environmental improvements, leisure, health care and education. High GDP per capita also indicates that other wellbeing factors, such as education, are healthy. The ‘Easterlin Paradox’, based on survey findings in the 1970s, argues that life satisfaction rises with income up to a point at which marginal gains in happiness decline. However, other research has found that feelings of wellbeing continue to rise in proportion to increases in income. As our understanding of wellbeing grows more sophisticated, progress may be made in resolving this debate.

“I want to discover more about different ways of measuring wellbeing.”

Deakin University’s Australian Centre on Quality of Life and the OECD’s WikiProgress provide information on different ways of measuring social progress.

Other research institutions such as NATSEM (the National Centre for Social and Economic Modelling at the University of Canberra) publish research on measures of wellbeing and in March 2012 organised a national workshop on Wellbeing and Quality of Life in Australia.

---


10 http://www.deakin.edu.au/research/acqol/instruments/

11 http://wikiprogress.org/index.php/Main_Page

12 See, for example, Income and Wealth Report, Issue 26 - The Pursuit of Happiness.
“I want to develop a framework that helps people analyse policy from a wellbeing perspective.”

The Australian Treasury’s wellbeing framework was developed about a decade ago to provide some guidance about its mission, which is to improve the wellbeing of the Australian people.13

In undertaking this mission, Treasury takes a broad view of wellbeing as primarily reflecting a person’s substantive freedom to lead a life they have reason to value. This perspective recognises that the wellbeing of Australians encompasses more than is directly captured by commonly used measures of economic activity. It gives prominence to respecting the informed preferences of individuals, while allowing scope for broader social actions and choices. It is open to both subjective and objective notions of wellbeing, and to concerns for outcomes and consequences as well as for rights and liberties.

To facilitate thorough and objective analysis of options in its advice to government, the Treasury identified five dimensions that directly or indirectly have important implications for wellbeing and are particularly relevant to Treasury.

These dimensions are:

1. The set of opportunities available to people
2. The distribution of these opportunities across the Australian people
3. The sustainability of opportunities over time
4. The overall level and allocation of risk borne by individuals and, in aggregate, the community
5. The complexity of the choices facing people and the community

The various interactions between these dimensions represent trade-offs, both between and within dimensions. The dimensions therefore do not provide a simple checklist to be applied in every circumstance. Rather their consideration provides a broader context for the use of the best available economic and other analytical frameworks, evidence and measures.

13 The Australian Treasury’s interest in the issues, concepts and dimensions of wellbeing goes back a long way. This interest can be traced to a supplement in a Treasury economic bulletin in November 1964, entitled ‘The Meaning and Measurement of Economic Growth’. This document observed the importance of both tangible and intangible aspects of wellbeing ignored in traditional economic growth statistics. A later paper, published in 1973, entitled ‘Economic Growth - Is It Worth Having?’ responded to the Club of Rome’s ‘The Limits of Growth’ and its warning of the environmental toll of economic development. The Treasury paper again acknowledged that ‘quality of life’ was a product of a miscellany of factors unaccounted for in standard statistics, including personal and family relationships, education, recreation, civil liberties, compassion, justice, freedom and fair play. Other environmental factors included the enjoyment of wilderness, clean air and clean water.
“I want to find out more about my employees’ wellbeing.”

Employers are increasingly searching for more sophisticated measures of employee satisfaction, employee engagement and employee wellbeing. One of the challenges of measuring wellbeing in the workplace is attribution: how much of an employee’s quality of life can be correlated to the workplace environment as opposed to other areas of their life. The Taskforce knows of no one instrument that has yet successfully traversed this terrain; however, many employee consultants are exploring this area.

Summary of key resources

The Taskforce observed the difference between individual happiness and societal progress, and believed that quality of life could be seen as an individual issue, while quality of society related to issues of social progress.

The following table differentiates self-reported individual measures and objective measures of national progress and classifies available resources by reporting method and domain.

<table>
<thead>
<tr>
<th>Initiatives focussing on social, economic or environmental considerations</th>
<th>Initiatives and tools integrating social, economic and environmental considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee opinion surveys: National Australia Bank (NAB), Australian Public Service Commission</td>
<td></td>
</tr>
</tbody>
</table>
Summary of measures, policy tools and information hubs:

<table>
<thead>
<tr>
<th>Measures</th>
<th>Policy frameworks</th>
<th>Information hubs</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is a limitless number of measures that exist and the right one depends on what one is looking for. Good sources for looking for options include ABS’ Measures of Australia’s Progress for what is available in Australia (<a href="http://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/1370.0.55.001?opendocument">www.abs.gov.au/AUSSTATS/abs@.nsf/mf/1370.0.55.001?opendocument</a>) and the OECD Factbook for what is available internationally (<a href="http://www.oecd.org/site/0,3407,en_21571361_34374092_1_1_1_1_1,00.html">www.oecd.org/site/0,3407,en_21571361_34374092_1_1_1_1_1,00.html</a>,)</td>
<td>The Australian Treasury developed its wellbeing framework, to improve the quality of their policy analysis and advice to Treasury Ministers and, through them, to the Government; <a href="http://www.treasury.gov.au/documents/876/HTML/docshell.asp?URL=Policy_advice_Treasury_wellbeing_framework.htm">http://www.treasury.gov.au/documents/876/HTML/docshell.asp?URL=Policy_advice_Treasury_wellbeing_framework.htm</a></td>
<td>A resource for those interesting in the global, national and local measurement of the progress and wellbeing of societies - WikiProgress; <a href="http://www.wikiprogress.org/index.php/Main_Page">www.wikiprogress.org/index.php/Main_Page</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Information about analysis of quality of life at Deakin University’s Centre for Quality of Life. <a href="http://www.deakin.edu.au/research/acqol/index.php">www.deakin.edu.au/research/acqol/index.php</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td>A resource for those looking to understand the aspirations or goals that underpin many of the current initiatives – ABS Progress Pie; <a href="http://blog.abs.gov.au/Blog/mapblog2010.nsf/dx/progress-pie.htm">http://blog.abs.gov.au/Blog/mapblog2010.nsf/dx/progress-pie.htm</a></td>
</tr>
</tbody>
</table>

A case study

The Taskforce singled out the Local Wellbeing Project in the UK as a good example of how this work is being progressed and applied at a regional level.

The Local Wellbeing Project was set up in 2006 to test out practical ways of increasing individual and community wellbeing in three very different areas of the UK. The project brings together the Young Foundation, Professor Lord Richard Layard from the London School of Economics’ Centre for Economic Performance IDeA, and three leading local authorities: Manchester City Council, South Tyneside Metropolitan Borough Council and Hertfordshire County Council. The group released their report in 2010.
CHAPTER 3 – DEFINING AND MEASURING WELLBEING

Wellbeing as a national goal

Most international measures acknowledge Australia’s position as ‘the lucky country’. The United Nations’ Human Development Report, released in November 2011, rates Australia 2nd in the world after Norway.

Given this strong base, the GAP Taskforce on Progress in Society hopes to see Australians at least maintain its position and, if possible, enjoy ever higher wellbeing in everyday life, workplaces, communities and as citizens in the future.

Definition of wellbeing

Wellbeing is a complex concept, but commonly agreed elements include material standard of living, health, relationships, the natural environment and political and social freedom, though personal priorities and values may change over the course of one’s life. As highlighted in chapter 1, wellbeing can also relate to different actors – individuals, a community, a nation, a society, workplace, etc.

National priorities also evolve in the light of changing political priorities.

The Taskforce did not endorse any particular definition of wellbeing or urge others to adopt one.

Wellbeing and happiness

A distinction can be drawn between ‘wellbeing’ and ‘happiness’, although their definitions are not fixed and they are often used as synonyms. Happiness, for example, may be thought of as subjective, while most indicators of wellbeing can be made by an outside observer.

Most people understand happiness as a positive, but ephemeral emotional response to an event. A different form of happiness is a genetically-determined, low-level, positive mood. This is our default mood and what is measured by the Australian Unity Wellbeing Index. This generally positive ‘mood state’ is constantly challenged by events and can be defeated by circumstances. Long-term carers of disabled family members and middle-aged men in long-term unemployment are particularly vulnerable, creating expensive social problems of depression and dysfunction.

Anthony Clare, the ‘Professor of Happiness’ at Dublin University, argues that people need to cultivate a passion in or beyond their work, avoid introspection, live for the moment and be positive and grateful. Happy people are ‘a leaf on the tree’ – part of a community and contributing towards it.
Some commentators denigrate wellbeing as a term without objective meaning, used to describe anything any particular individual thinks worthy. This lack of rigorous or generally agreed nomenclature plagues discussions in which people use the same word to represent very different concepts.

Philosophical notions of ‘the good life’ date back to Aristotle and considerations of ‘human flourishing’, by such figures as the late German philosopher Hannah Arendt and Australian legal scholar John Finnis, may also be of use. Finnis’ list of ‘seven human goods’ including life, knowledge, play, friendship, aesthetic appreciation and religion or a sense of purpose could be nurtured by public policy while American academic Martha Nussbaum recently wrote of ten aspects of ‘human flourishing’, many of which can be equated with items in MAP. Nobel Prize winner in economics, Amartya Sen, has developed a capability approach to people’s wellbeing, emphasising freedom and distribution of opportunities (an approach now also reflected in the UN Human Development Index).

The term ‘happiness’ appeals to the general public, while individual ‘wellbeing’ and ‘capabilities’ are more generally used by statistical agencies. Wellbeing is often related to physical and mental health by the public, rather than the wider definition of the term used in this report. Studies actually show that people do not perceive health as fundamental to wellbeing as individuals adjust to chronic conditions over time. People also tend to rate their own wellbeing higher than their perception of social conditions.

Although individual happiness is a subjective concept, levels of happiness can be measured quantitatively and changes in happiness over time can be tracked.

The ‘self-help’ industry has grown into a major business, frequently selling supposed ‘cures’ for personal unhappiness. Tim Lott observed in the Financial Times (UK) that “the underlying narrative of most self-help books is that you are entitled to feel good, that it is natural to feel good and that if you follow the right technique/plan of action/dietary and/or spiritual regimen, you can feel good more or less all the time”. The National Business Review (NZ) observed that “One of the worst symptoms of modern life might well be the sense that happiness is an entitlement. And if one is unhappy, there must be somebody to blame… Underlying the modern desire to quantify contentment is the myth that there is some simple, single, generally accepted standard for happiness”.

Advertising agencies offer images of happiness to solicit purchases, and business opportunities can be found in accurately defining people’s conceptions of happiness to better tailor advertising to satisfy these desires.

Perceptions of happiness also differ between cultures. ‘Harmony’ is venerated in China, for example, while in other cultures it is seen as stifling and so ‘happiness’ and ‘tranquillity’ cannot be conflated.

An appreciation of conditions and values beyond the purely economic can also produce surprising results. The “Happy Planet” Index calculates Costa Rica, the Dominican Republic, Jamaica, Guatemala and Vietnam as the best places to live. An alternative practical way of assessing the relative merits of nations might lie in assessing net migration rates, although many attractive countries have borders which are firmly closed.
Wellbeing and health

The OECD and World Health Organization (WHO) are converging on an approach which emphasises wellbeing, rather than GDP or health, as part of a worldwide trend to look at societies as a whole, rather than a narrow aspect of their performance.

Since 1948 the WHO has used the following definition: “Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.”

This is recognised as an aspirational definition, rather ahead of its time, and during the past 65 years the activities of the WHO have concentrated entirely on the ‘absence of disease and infirmity’, rather than ‘wellbeing’.

The WHO is now intended to operationalise the full capacity of the definition by creating a new model for ‘health’ that incorporates both ‘wellbeing’ and ‘illbeing’ as equally representative of the construct.14

In order to begin this process, a meeting of experts was held in Copenhagen from 8-9 February 2012, to provide advice to WHO Regional Director for Europe on how to report on wellbeing. This meeting was held in the broader context of developing WHO/EURO’s ‘Health 2020’ strategy and the upcoming European Health Report 2012. The WHO’s aim is to develop a common concept and approach to wellbeing, which then allows for effective measurement as well as targets.

Although it was beyond the feasible scope of this expert meeting to make a specific recommendation on the definition, domains and indicators of wellbeing to be used, some elements were identified in discussion:

- Any definition should draw on existing work so far as possible, such as the models developed by the OECD and the Australian Unity Wellbeing Surveys, and should aim for maximum coherence with other approaches at international level;
- Although wellbeing clearly covers a range of domains including health, but also many others, the WHO should focus on its central mandate of health and concentrate on the health aspects of wellbeing (whilst being clear about how this fits into a wider concept of wellbeing);
- Linked to this, the overall approach to health and wellbeing should take account of the two-way relationship between those concepts – health influences overall wellbeing, but wellbeing also predicts future health.

The specific tools and presentation to be used will be considered in detail once the overall definition, domains and indicators have been clarified. To achieve this, some specific follow-up work has been commissioned.

14 The Taskforce observed that traditional concepts of ‘health-related quality of life’ used narrow medical definitions, which wrongly assumed that people without disease automatically had a high quality of life. It was pointed out that economics and health remained distinct, though both were important factors in determining quality of life. Physical health is only one factor in a broader construct and a contributor to wellbeing, while wellbeing is an indicator of future health.
Distinction between wellbeing and progress

The Taskforce acknowledged differences between ‘wellbeing’ and ‘progress’. The Canadian, British and Australian frameworks focus on the former, but progress in society is a wider issue and includes macro-environmental, governance and economic concerns.

The measurement of progress is inextricably linked with historically and politically contested ideas of the nature of progress itself.\textsuperscript{iv}

Australian investigations before MAP included a Senate Inquiry into National wellbeing: A system of national citizenship indicators and benchmarks in 1996; a national conference on measuring national progress in 1997 and the CSIRO’s release of Measuring Progress: Is life getting better?, edited by Richard Eckersley in 1998. Projects such as Tasmania Together\textsuperscript{15} and the South Australian Regional Plan also set goals for progress through democratic consultation and statistical analysis.

In the near neighbourhood, the work of New Zealand researcher and former MP, Marilyn Waring, was influential in the late 1980s in challenging the dominance of the GDP measure in debates on national wellbeing.

OECD work in this area began in 2004, based on the stalled social Indicators movement of the 1970s and 1980s. The current scheme includes thousands of local, national and international projects around the globe formulating their own indicators of progress.

Overall, progress towards a target relies on a clear definition of that goal, just as measurement must focus on what is important, rather than convenient to calculate.\textsuperscript{16}

The Taskforce considered whether progress was inevitably disruptive and produced adverse short-term effects in achieving beneficial long-term goals. It hoped that differing ideological approaches can be accommodated through agreement about general goals, as in Canada, but agreed that disagreements about specific or contentious issues are inevitable and encourage democratic debate.

Measuring wellbeing

Though a more holistic definition of wellbeing is now accepted by many, including the Australian Treasury, the difficulty of weighing different social indicators to create a single index remains.

It was noted that individuals tend to reach a certain level of satisfaction with their life, while national measures imply a constant striving for improvement. Subjective measures can be as much about people’s perceptions of the environment, politics or society as the objective facts.

\textsuperscript{15} http://www.tasmaniatogether.com.au/

\textsuperscript{16} It was observed that some people see progress as continuous, while others, perhaps embracing a post materialist outlook, see it having an end or final objective.
A concept of progress towards generally agreed goals, rather than ‘wellbeing’ or ‘happiness’ in itself, might therefore be adopted as a compromise as steps achieved towards tangible targets can be measured in any number of objective ways.

Removing impediments to happiness in society

The Taskforce saw the goal of public policy as facilitating a more effective civil society, rather than a nebulous desire to impose a bureaucratic vision of individual ‘happiness’ on all citizens. Government can only help to create the conditions in which the pursuit of individual happiness and a life of purpose is possible, and should strive to remove obvious impediments to happiness in people’s lives.17

People spend much of their time working and so job satisfaction is an important issue. The Workplaces of the Future project, supported by the Department of Education, Employment and Workplace Relations, identifies factors that are likely to contribute to happier or more satisfied workplaces.

---

17 The opinions were divided on this point. Some Taskforce members believed that individuals had the right to make poor decisions for themselves in a free society, and argued that the Government had a duty to remove barriers which prevented people having access to options they could then freely choose or reject. The US Constitution, for example, guaranteed an individual’s right to pursue happiness, rather than promise the Government would achieve it for them. It was also argued that government was inevitably limited in its scope for action.
CHAPTER 4 – CHALLENGES AND OPPORTUNITIES

Application of wellbeing indicators to policy making

The concept of wellbeing already influences government behaviour. A range of Federal, COAG and State reporting frameworks, including MAP and the Productivity Commission’s Report on Government Services, are used in policy development. COAG is producing measures of progress on education, employment and other social factors for the indigenous population, and other departments are also addressing these ‘Closing the Gap’ targets, set after public outrage over media coverage of deficient indigenous provision.

In an address to an APS200 group in late 2011, Sir Gus O’Donnell, Head of the UK Civil Service and former Head of the Treasury, discussed the practicalities of incorporating wellbeing into British public policy. He argued that wellbeing’s failure to influence decision making lay in a lack of reliable long-term outcome data and recommended the education of policy professionals and decision makers and the engagement of the civil service in specific measurement programmes. Sir Gus believed that policy could become more focussed on people’s wellbeing through better design and an emphasis on important drivers including mental health and economic and social participation. He concluded his remarks by urging patience, noting the length of time GDP had taken to become a pillar of economic planning.

The problem with ‘aggregate happiness’

The Taskforce noted that an individual’s perception of societal progress or regress is a product of their values, while a single indicator of societal progress assumes a convergence of views as to what constitutes progress. Progression in one area of society can also mask or fail to compensate for declines in other areas, depending on the weighting given to each factor. Accordingly, many Taskforce members favoured the ‘dashboard approach’ promoted by the ABS and Stiglitz et al. which provides a set of measures of progress or change across society. As New Zealand economist Andrew Whiteford wrote, “To understand wellbeing, we need to measure and monitor all its dimensions. We can monitor them separately and acknowledge that we are making progress in some dimensions, but losing ground in others. We don’t need to collapse them all into a single summary indicator with all the associated measurement issues.”

There was a general agreement that, given current developments, there is no pressing need for an additional index. The group saw more value in supporting the development, implementation and measurement of existing tools in public policy. The demand for wellbeing information, both societal and individual wellbeing, has led to the creation of a myriad of measures by individual organisations and better organisation of this material would allow it to be better utilised by local bodies where required. The lack of coordination between various measures remains a significant impediment to their general acceptance.

18 http://soundcloud.com/neweconomicsfoundation/sir-gus-odonnell-on-well-being
19 Wellbeing questions have been added to civil service staff surveys in the UK.
Consolidation and collaboration between frameworks should be encouraged, with streamlined measures channelled to decision makers. Measures of wellbeing can be empowered through incentives, including economic rewards, rather than legislative coercion. Consideration of existing measures should identify the strongest tools in particular circumstances and encourage their recognition by the public and use in decision making. There is a need is to identify simple, striking and compelling measures to capture public imagination as past measures have appeared overly complicated or irrelevant.

The need to improve the visibility of social and environmental factors (particularly those which do not come so easily to public attention) remains, although progress is being made through COAG and other government commissions. Attempts are being made to monetise the value of environmental improvements to allow their assessment alongside traditional financial factors and will be increasingly accepted, but monetising social factors remains elusive. Individual indicators are still tackled individually, rather than collectively, as part of a framework of overall national progress.

Individual and community concerns regarding wellbeing are already intuitively understood and considered by politicians eager to be re-elected. Public policy would look very different if only financial criteria were employed, and politicians are held accountable by the electorate, unlike experts, if they misread community priorities. Better wellbeing frameworks would aid decision makers in adding rigour to these political and social calculations.

Accounting for intangible assets offers an encouraging example of success. People are a company’s greatest assets, particularly in the new knowledge economy, and capturing this ‘human factor’ through proper standards has allowed their worth to be calculated and therefore monetised.

A notable lack of benchmarking of many tools against foreign competitors should be addressed. The UN Human Development Index and the OECD’s forthcoming ‘How’s Life’ report compares information between a range of countries, and Australian frameworks should not shy from international comparisons. Every country tends to concentrate on its own data, however, and while OECD does have an international perspective, its documents are not generally prepared for a wider audience. Though ‘WikiProgress’ is being launched by the OECD, it still tends to exclude individuals from its discussions. Improvements in health care and education are still often assessed in the amount of money spent on them, rather than their actual results, which still are not reflected in GDP or MAP results. The media portrays Australia’s success in constraining the growth of health expenditure as a failure compared to other developed nations, when in fact it is a measure of success.

People are more concerned about visible air pollution, for example, than they are about potentially catastrophic, but invisible carbon dioxide emissions. Similarly, disadvantaged people may be struggling in the bush or poor city areas out of sight, out of mind of the prosperous majority.

The Australian Government has been moving away from considering health and education in terms of the amount of money spent; there is now a lot more reporting on outputs and outcomes.

---

20 People are more concerned about visible air pollution, for example, than they are about potentially catastrophic, but invisible carbon dioxide emissions. Similarly, disadvantaged people may be struggling in the bush or poor city areas out of sight, out of mind of the prosperous majority.

21 The Australian Government has been moving away from considering health and education in terms of the amount of money spent; there is now a lot more reporting on outputs and outcomes.
The creation of dynamic tools is also problematic, as environmental and social aspects of life can be very slow to change, and so the development of more forward-looking analysis, as undertaken by the Dutch Institution for Strategy and Complexity Management in the realm of viewpoint modelling, is significant.

**Methodological challenges in traditional cost-benefit analysis**

As previously mentioned, policy trade-offs are inevitable in any effort to maximise the benefit of public spending. Such calculations often depend on cost-benefit analysis and so this should be developed to integrate social concerns alongside financial considerations. Many political and social trade-offs – between freedom and risk, for example – are not amenable to linear measures of growth.22

Some environmental organisations have placed financial value on previously intangible assets and this approach should be pursued. The UK Department of the Environment, Food and Rural Affairs recently released a report, the *UK National Ecosystem Assessment*23, which attempts to quantify the value of ‘nature’ to the UK economy.

Public bureaucracies downplay difference and variety, while humanity embraces it and, as previously discussed, any single definition or measure of happiness will ignore the natural variation in people’s preferences. Though financial considerations remain vital, newspaper headlines are as often dominated by social and human issues, giving a clue to people’s real concerns.

Much as the environmental movement has grown from a vague public concern to a major political force, considerations of wellbeing can be similarly mobilised by creating an ‘influence bridge’ between stakeholders and framework designers and promoting public recognition of the place for wellbeing in public debate.

---

22 Cost-benefit analysis attempts to include and value as many factors as possible in order for comparisons to be made. Analysis of a road project, for example, will consider the cost of construction, land and vehicle operation, but also non-financial transactions such as travel time and noise. (Ian McAuley). Investment in road building usually ignores the cost of road accidents however, as they are borne as an externality by society. Spending on accident prevention is therefore seen as a cost to be minimised, rather than an investment to save money (Patrick Callioni, 2012).

CHAPTER 5 – A ROADMAP FOR PROGRESS

The problem facing policy makers

The Taskforce found a high level of support among policy makers for use of measures of wellbeing and progress which go beyond monetary measures, as the denominator for the effectiveness of policy. In national economic policy, the Australian Treasury Wellbeing Framework provides an illustration of the importance of such considerations.

Measuring wellbeing is equally important to business and the community sector – it is not solely a concern for governments. In the private sector, happiness is a major factor in corporate success. Indeed, the January-February 2012 edition of the Harvard Business Review is titled “The Value of Happiness. How employee wellbeing drives profits.”

Many community sector bodies are deeply concerned with wellbeing and are keen to see measures of changes in community wellbeing over time.

Nevertheless, the Taskforce found a disjunction between work in the different sectors, with in some cases little knowledge or understanding of the different strands of work underway. The Taskforce process itself represented a start, in a small way, to bridging the gaps in understanding. However, it revealed that there is a long way still to go to build a mutual appreciation among the many different advocates of measurement of wellbeing of the strengths of their different approaches.

Faced with a lack of coherence in measurement frameworks, policy makers in the public, private and community sectors have little guidance on how best to use such measures. Policy is essentially a matter of making choices, and such choices need to be justified. As noted by one very senior former government decision-maker, it is easy at present to argue for a policy change in cabinet discussions on the grounds that it will improve GDP. There is no equivalent shorthand metric that can be advanced to help justify policy changes in terms of improving wellbeing.

Creation of new measures is unlikely to solve this problem, and in fact may simply add to the confusion. Recently promulgated measures such as the Herald/Age - Lateral Economics Index of Australia’s Wellbeing add valuable perspectives to the debate, but may also contribute to a sense of a lack of cohesion and agreement amongst indicator authors.

The Stiglitz/Sen/Fitoussi commission report indicated a preference for a dashboard of indicators, rather than a single index, in light of the multiple factors contributing to wellbeing. The ABS takes a similar approach with MAP, while the Australian National Development Index, albeit still in proposal form, also aims to achieve that. A single index, on the other hand, has the attraction of simplifying debate and being easy for media and other external commentators to absorb and report. In either case, the challenge is to make the material accessible and relevant to policy. As noted by Fox (2012), “an alternative to crunching data sets to produce a “vulgar” index is to find better ways of presenting them”.

24 http://hbr.org/2012/01/the-science-behind-the-smile/ar/1
A roadmap through the morass

The high level of goodwill and the willingness of researchers, public servants, business leaders and others to devote time and energy to measurement of wellbeing provide a firm foundation for action. The high level of effort currently expended can become more effective through better communication and coordination.

The steps required for this to happen could include:

- Sidestepping the unproductive debate about which measure or measures are ‘best’. One option could be the publication by an independent body of a regular update or stocktake of the different measures in the public domain. Such publication could be done in a neutral fashion that does not suggest one or other is the predominant measure.
- Further research to identify points of commonality between different measures
- Assessment of the differing value propositions of alternative approaches, and (as outlined in previous chapters) documentation of the ways in which these can meet different purposes
- Regular forums in a neutral venue to allow communication between proponents of alternative approaches
- Greater recognition by government agencies of the strong interest in wellbeing from the business community
- The facilitation of discussions between policymakers and index authors to determine the suitability of particular indices to measure the success of a particular policy initiative

By comparing successive stock statements, one can make inferences about progress in various indicators.
CHAPTER 6 – PRIORITY AREAS FOR POLICY ACTION

Political Engagement & Commercial Collaboration

Gauging community support

Existing measures must be simplified and communicated in more accessible terms to encourage media discussion and public comprehension just as tangible evidence that measures of wellbeing and progress are productive and meaningful are vital to gain political support. As the rise of the mainstream environmental movement proved, the acceptance of an issue as important by the public will inevitably drive a political response. Encouraging public discussion and appreciation of wellbeing is therefore as important as creating frameworks to discuss, measure or report upon it.

There is a wealth of research material and wellbeing frameworks; the key is to raise awareness of them, generate enthusiasm for their use and offer ways to support their engagement in decision making and everyday life. The philosophical dimension of why such frameworks are useful should be emphasised alongside their practical utility, until rates of societal wellbeing find prominence alongside financial information in the media.

The media have a crucial role to play as the use of wellbeing alongside traditional measures of economic growth in mainstream newspaper articles would do more to advance the cause of wellbeing than any academic report. Wellbeing measures need a mainstream media champion to place them in the public eye.

Beyond traditional media, the internet and social sites are changing the nature and interactions of civil society, and a participatory website welcoming comments and involvement could be successful, if correctly formed. Australia could leverage this to become an international hub of internet accessible knowledge and online discussion.

Broader measures of progress in the corporate sector

Wellbeing indicators are increasingly accepted and used by forward-thinking businesses to redesign their business models as employers need to understand the factors which engage employees and promote commitment and productivity. Workplace circumstances are not the only drivers of employee wellbeing, however, as previously noted in this report, social and personal circumstances are also major factors.

Dominic Barton, global managing director of McKinsey & Co, believes that fundamental reform is possible and offers three proposals to achieve it:

1. Abandoning ‘the tyranny of short-termism’. “Business and finance must jettison their short-term orientation and revamp incentives and structures in order to focus their organizations on the long term.”
2. **Maximising corporate value by serving stakeholders.** “Executives must infuse their organizations with the perspective that serving the interests of all major stakeholders — employees, suppliers, customers, creditors, communities, the environment — is not at odds with the goal of maximizing corporate value; on the contrary, it’s essential to achieving that goal.”

3. **Leaders must take ownership and boards take responsibility.** “Public companies must cure the ills stemming from dispersed and disengaged ownership by bolstering boards’ ability to govern like owners”.

National Australia Bank (NAB) is one example of an employer that seeks to incorporate work-life balance, staff wellbeing and sustainability into its personnel management. It has also launched a number of initiatives to tackle financial exclusion as financial security, financial control and access to financial services can be considered as essential element of overall wellbeing for its customers.

NAB’s initiatives include the annual *Financial Exclusion Indicator*, one of the largest studies of its type in the world (in association with the Centre for Social Impact; first release - May 2011); the ‘Caught Short’ report (in partnership with RMIT University, the University of Queensland and Good Shepherd Youth & Family Service); the *Just Credit* report documenting the experiences of borrowers with a view to improving micro-finance services and *The Economy of the Family* case study of 40 families, to assess the impact of micro-finance on family wellbeing, financial inclusion and social and economic participation.

**Creation of a permanent coordinating body**

The Taskforce recommended the creation of a permanent association, society, or centre of research to drive consolidation of measurement frameworks, collaboration between interested parties and channel appreciation of these measures to decision makers.

The Society of Knowledge Economics and Centre for Social Impact offer models for such a body, having successfully grown from similar Taskforces to thrive as professional bodies and a forum for meeting potential clients.

Prospective titles such as ‘The Society for Measurement of Progress in Society’, ‘The Society for Progress in Society’ or ‘The Society of the Application of Social Progress Indicators’ would indicate the work such a body would undertake. The new institution would continue the process begun by the Taskforce, perhaps funded in part by a Cooperative Research Centre grant and facilitated by GAP.

If such a body is to be successful, its scope and role need to be well defined. It might focus on helping bureaucrats offer government decision makers better advice based on a broader consideration of wellbeing, or incorporate a broader set of objectives in regard to individuals, businesses and civil society along the lines of MAP. Whatever its specific focus, a permanent body would act as both a ‘cheerleader’ for the concept and ‘tour guide’ helping users find the most appropriate measurement framework for their needs. A permanent fixture would

---

26 Many studies, including Prof Sir Michael Marmot’s Whitehall Study II, find that control (or ‘agency’, to use the terminology of sociology), is a crucial determinant of one’s mental and physical health.
create greater legitimacy and allow considerations of wellbeing to become habitual, rather than exceptional.

A conference or symposium could also be convened in 2012 to allow interested individuals to coordinate activity and facilitate further debate.

**Opportunities for multi-stakeholder collaboration: ‘an Influence Bridge’**

The body would act as an ‘influence bridge’ between framework designers and users, rather than develop a framework of its own.

Activities would include motivation, support and improvement.

1. **Motivation** would be achieved through engagement with the media, governments, universities and other stakeholders to promote wellbeing measurement and publicise key findings and case studies.

2. **Support** and advice would be offered through ready access to a range of practical tools and conceptual information. Training could be supported through modular programmes, guest speakers and interactive online learning packages, aimed at public servants, teachers and school and university students.

3. **Improvement** of tools could be achieved through providing feedback, and also acting as a conduit for others to offer feedback.

Potential users must recognise wellbeing measures as cost effective or politically expedient, as organisations have no interest in such exercises for their own sake.

Furthermore, mere measurement does not necessarily produce understanding of how wellbeing may be enhanced or highlight causal links between policies and results. A permanent body would help to tackle and resolve these long standing issues for the benefit of all Australians.
IN CONCLUSION

A widespread and increasing interest in ‘wellbeing’ information has led to the creation of various dashboards and indices by a range of organisations. The problem in driving acceptance of wellbeing is not a lack of tools, but a surfeit of them, confusing the debate and the public.

A lack of rigorous, generally agreed nomenclature has hamstrung past discussions and problems in defining ‘happiness’ and ‘wellbeing’ remain. There is general agreement that wellbeing is important, but not on its nature or how to integrate it into policy formation. The term ‘progress’ towards specific, generally agreed goals, could be adopted instead.

An interest in wellbeing does not imply hostility to improving GDP, but political debate must be enriched beyond traditional economic criteria. Improved wellbeing can increase productivity, just as national economic growth enhances wellbeing for many individuals.

Politicians already factor value judgments into policy proposals, and so measurement frameworks would merely formalise and improve an existing reality. There is no pressing need to compile disparate measurements into a single summary indicator, but different factors should be addressed holistically, rather than individually, by decision makers.

Governments can do much to improve wellbeing and thereby facilitate individual happiness. Government-led initiatives, such as the UK Happiness Project, show that political and financial backing of this work is possible, although its results are still to be seen.

Differing ideological approaches to progress can be accommodated to a great extent through agreement about general goals. Disagreements about specific or contentious issues are inevitable, but have the benefit of engaging people in democratic debate.

Progress in measuring Australia’s wellbeing will drive improvements in wellbeing itself, while broader measures of progress are challenging the corporate sector to redesign their business models.
TASKFORCE CONCLUSIONS

The Taskforce acknowledges the need for wider definitions of growth and broader measures of societal progress alongside the improvement of traditional metrics, such as GDP. Progress towards agreed goals, rather than wellbeing in itself, might provide a sharper focus for discussion and action. Such progress can be measured in more objective terms, while wellbeing is often seen as a more subjective and individual concept.

Members acknowledged the breadth and depth of work already accomplished, and that the benefits of a multidimensional approach to conceptualising and measuring progress are recognised in government through the Australian Treasury’s wellbeing framework.

A permanent body could help build ‘an influence bridge’ between the established measurement frameworks and policy decision makers to promote the use and improvement of such tools.

The group offered its conclusions within three broad themes - measurement, policy, and education and awareness – as a ‘roadmap for further discussion’.

Measurement

The measurement of progress should not focus on the generation of a single aggregate indicator, but build upon and improve the various indicators already available.

Both wellbeing and economic indicators are important, with wellbeing indicators a supplement to, rather than replacement for, traditional economic metrics.

Current surveys may fail to measure progress over time, be incomparable across nations or betray a fundamental lack of clarity regarding what exactly should be assessed. The sophistication of design, measurement and analysis must be honed to a replicable science, rather than an art, just as accounting tools produce repeatable data regardless of the analyst’s identity.

As with accounting practices, established and accepted measures will develop over time.

- There is no shortage of domestic and international measurement frameworks.
- The measurement of progress is already more advanced than the policy options it has produced.
Measurement should not focus on a single aggregate, but develop and improve the various indicators already available to supplement traditional economic statistics. A ‘dashboard’ approach covering many domains should include both subjective and observed measures of progress towards agreed goals.

People vary in their values, aims and priorities but all seek to improve their own overall ‘happiness’.

Advances in research may stem from better communication with decision makers to elevate its influence.

Work in the UK linking capabilities to statistical measures may be of questionable benefit for decision makers. The need is to point to shared and improved solutions with feedback mechanisms to ensure that tools remain relevant.

**Policy**

The wellbeing debate already influences government behaviour, but the approach remains piecemeal and fragmented. The Taskforce encourages government agencies to explore how their work can contribute to higher levels of wellbeing (for example, through policies that support the attainment of capabilities, or through high quality service delivery), and commit to ways of strengthening this contribution.

Humans are nothing if not adaptable to changing or difficult circumstances, and surveys therefore tend to produce relatively robust and stable average readings of collective wellbeing over time. While research suggests that most people fluctuate around a pre-set point of personal happiness, there are also clear and tangible drivers of persistent unhappiness, such as unemployment.

Governments cannot make people happy, but they can and should, where possible, strive to remove obvious impediments to happiness in people’s lives. Public policy should alleviate the ‘avoidable unhappiness’ caused by social or economic conditions and support the many practical projects already underway in local and regional communities to this end.

An audit of wellbeing projects reveals a large number of existing measures of progress at regional and sub-regional level. Ways to link such measures should be explored and local best practice captured and shared at a national level.

Clear links should be drawn between wellbeing concepts and measurable statistics such as life expectancy and infant mortality.

Estimates of environmental depletion should be included in the government budget.

Encouraging private and public corporations to consider the wellbeing of their employees is vital, not least to increase productivity.

Interested parties should encourage decision makers to welcome proposals to improve individual wellbeing as enthusiastically as those which increase national GDP.
Communication/Awareness

The plentiful conceptual work on drivers of ‘human flourishing’ should be popularised for the general public to encourage interest in the measurement of wellbeing and progress.

The success of the environmental movement in mobilising concerns and monetising precious, but previously unaccounted, resources can be repeated by social progress measurement.

An independent body should be established to this and other ends, charged with co-ordinating social progress initiatives and capturing and disseminating knowledge for interested parties.

- A wealth of research is available to help individuals improve their personal wellbeing, however, many remain unaware or unable to access this work. Simple, striking and compelling messages must capture the public imagination and encourage a shift from preoccupations with illness and weakness towards optimism and possibility.
- Mainstream media champions must be found and encouraged.
- A conference or symposium should be convened in 2012 to allow interested individuals to coordinate activity and facilitate further debate.
CONTACTS

For any queries in relation to this report, please contact:

Stephen Bartos  
Chair, GAP Taskforce on Progress in Society  
Executive Director, ACIL Tasman  
T: 02 6103 8213  
M: 0423 808 313  
E: s.bartos@aciltasman.com.au

Peter Fritz AM  
Group Managing Director  
TCG Group  
Managing Director  
Global Access Partners Pty Ltd  
53 Balfour Street Chippendale NSW 2008  
T: 02 8303 2425  
F: 02 9319 5754  
E: pfritz@tcg.net.au

Olga Bodrova  
Senior Research Analyst  
Global Access Partners Pty Ltd  
53 Balfour Street Chippendale NSW 2008  
T: 02 8303 2420  
F: 02 9319 5754  
E: obodrova@globalaccesspartners.org
ATTACHMENTS

Taskforce Membership

**Mr Stephen Bartos**
Executive Director
ACIL Tasman

**The Hon. Neil Batt AO**
Executive Director, Australian Centre for Health Research

**Ms Olga Bodrova**
Senior Research Analyst,
Global Access Partners

**Prof Robert Cummins**
School of Psychology
Deakin University

**Mr Martin Duursma**
VP Citrix Labs & CTO Office Chair
Citrix Systems

**Mr Peter Fritz AM**
Group Managing Director
TCG Group

**Mr Andrew Gale**
Private Consultant

**Prof James Guthrie**
Head of Academic Relations
The Institute of Chartered Accountants in Australia

**Mr Stephen Hayes MBE**
Chief Executive Officer
International Centre for Complex Project Management

**Ms Julie King**
Manager, Strategy Policy & Reporting
NSW Finance & Services

**Ms Kimina Lyall**
Group Executive
Corporate Development
Australian Unity
Mr David Masters
Government Relations Manager
HP Enterprise Services

Mr Ian McAuley
Adjunct Lecturer
School of Business & Government
University of Canberra

Mr Fergus Neilson
Co-founder, The Futures Project

Mr Dean Pearson
Senior Economist
National Australia Bank

Mr Les Pickett
Chief Executive Officer
Pacific Rim Consulting Group

Adj Prof Mike Salvaris
Adjunct Professor
Applied Human Rights & Community Wellbeing
Australian Centre for Human Rights Education, RMIT University

Ms Sue Taylor
Director, Social & Progress Reporting
Australian Bureau of Statistics

Mr Steve Vamos
President
Society for Knowledge Economics

Ms Gemma van Halderen
Assistant Statistician
Demography, Regional and Social Analysis Branch

Ms Rose Verspaandonk
Branch Manager, Economics & Lifecourse, Department of Education, Employment & Workplace Relations

Mr Lee White
Chief Executive Officer
The Institute of Chartered Accountants in Australia
Bibliography for further reading


Frankl, Viktor E. Man’s Search for Meaning, 1946

Lyons, Miriam. Will Economic Growth Save the Planet? - Speech to the Sustainable Living Festival, 17 February 2012

Marmot, Prof Sir Michael. Whitehall Study II, http://www.ucl.ac.uk/whitehalliii/


McAuley, Ian. In defence of economics – why public policy doesn’t need the triple bottom line. - Paper to accompany presentation to the National Institute for Governance Seminar on The Triple Bottom Line, 7 November 2001


Polanyi, Karl. The Great Transformation, 1944


Senate Inquiry into National wellbeing: A system of national citizenship indicators and benchmarks in 1996;


What Makes Us Happy: Ten years of the Australian Unity Wellbeing Index, Australian Unity, November 2010

WHO/EURO initiative on measurement and target setting for wellbeing; First meeting of experts, 8-9 February 2012, Copenhagen
Glossary of Terms

'Easterlin Paradox'
The observation by Prof Richard Easterlin that happiness does not necessarily correlate with income, once basic needs are met.

Gross Domestic Product (GDP)
The measure of the value of goods and services produced in a country over a period. Often incorrectly used in the media as a proxy for standard of living. See United Nations System of National Accounts for a full definition and discussion.

Homeostasis
The property of a system which maintains its internal stability

Maslow’s Hierarchy of Needs
Abraham Maslow’s theory of a hierarchy of human needs from purely physiological through safety, love and belonging and esteem to self-actualisation and self-transcendence, with succeeding levels prioritised as the former are met. Its common depiction as a pyramid was not originated by Maslow.

Mood state
The Profile of Mood States (POMS) is a psychological rating scale used to assess transient, distinct mood states including tension, depression, vigour and anger.

Abbreviations

ABS
Australian Bureau of Statistics

ANDI
Australian National Development Index

COAG
Council of the Australian Governments

CRC
Cooperative Research Centre

DEEWR
Department of Education, Employment and Workplace Relations

GAP
Global Access Partners Pty Ltd

GDP
Gross Domestic Product

GFC
Global Financial Crisis

GNH
Gross National Happiness

GPI
Genuine Progress Indicator

HALE
Herald/Age – Lateral Economics Index of Australia’s Wellbeing

HDI
Human Development Index

HILDA
Household, Income & Labour Dynamics in Australia Survey, Melbourne Institute

ISEW
Index of Sustainable Economic Welfare

MAP
Measures of Australia’s Progress, ABS

NAB
National Australia Bank

NATSEM
National Centre for Social & Economic Modelling, University of Canberra

nef
New Economics Foundation

NZ
New Zealand

OECD
Organisation for Economic Co-operation and Development

UK
The United Kingdom
Endnotes

i Stutchbury, Michael. “Plain old economic growth is good for society”, The Australian, 21 September 2010


Indicator projects around Australia

**National**
- Measures of Australia’s Progress - ABS
- Australian Social Trends Indicators - ABS
- State and Territory Indicators - ABS
- National Regional Profiles - ABS
- Australian Unity Wellbeing Index
- COAG National Agreements
- Australian National Development Index
- Australian Community Indicators Network
- National Growth Areas Alliance
- My Region – Dept. of Infrastructure and Transport
- Sustainability Indicators – Dept. of Sustainability, Environment, Water, Population & Communities (SEWPaC)
- State of Australian Cities - Dept. of Infrastructure and Transport
- State of the Environment Report - SEWPaC
- Sustainable Tourism CRC Legacy Project (Australian Tourism Sustainability Performance Indicators – Institute for Sustainable Futures)
- Australian Social Inclusion Board

**Western Australia**
- WA State of the Environment

**Victoria**
- Growing Victoria Together
- Indicators of Community Strength
- Community Indicators Victoria
- Victoria State of the Environment

**City of Onkaparinga**
- Community Wellbeing Monitor

**Greater Dandenong**
- Health and Wellbeing in our city

**Glenorchy City**
- Community Plan

**Mornington Peninsula**
- Community Plan

**Mornington Peninsula City**
- Community Plan

**Tasmania**
- Tasmania Together
- Tasmania State of the Environment

**Queensland**
- Queensland Happiness Index
- Towards Q2 - Tomorrow’s Queensland
- Social Wellbeing Listing - Office of Economics and Statistical Research
- Community Indicators Queensland
- LGQ - Community Wellbeing Indicators
- Queensland State of the Environment
- Gladstone and Maranoa Wellbeing Studies

**Northern Territory**
- Territory 2030

**New South Wales**
- NSW State of the Environment
- NSW State Plan

**Newcastle**
- Newcastle 2026

**Penrith City**
- Options for a Local Government Framework for Measuring Liveability

**Brisbane**
- Living in Brisbane 2026

**Redland City**
- Community Indicators

**Sydney**
- Community Indicators Framework

**Hurstville City**
- Hurstville Snapshot

**Australian Capital Territory**
- ACT State of the Environment
- The Canberra Plan

**City of Onkaparinga**
- Community Wellbeing Monitor

**Waverley City**
- Waverley Together 2030

**State of the Environment Report**
- SEWPaC

**South Australia**
- Strategic Plan Progress Report
- SA EasyData
- South Australian Wellbeing Index – SA Government
- Economic and Social Indicators - South Australian Centre for Economic Studies
- SA State of the Environment

**City of Sydney**
- Community Indicators Framework

**Glenorchy City**
- Community Plan

**Wyndham City**
- Quality Community Plan

**Yarra Ranges**
- Community Indicators

**City of Sydney**
- ACT State of the Environment
- The Canberra Plan